

Mark Scheme Summer 2008

GCE

GCE Economics & Business Studies (Nuffield)
(6364/01)

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

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Question Number		Indicative content
1.		<p>Knowledge 2, Application 3, Analysis 3 marks</p> <p>There are several strands here, the obvious one is to create jobs and bring prosperity via the regional multiplier effect to areas in the UK. This is of benefit to those directly involved and to the many other local businesses involved. There are social benefits as well. The economy benefits from reduced benefits, increased taxes and export earnings.</p>
Level	Mark	Descriptor
Level 4	7-8	Clear understanding of the reasons for government wishing to attract inward Japanese investment. Two well developed strands or more. Answers are clear, related to the context and make good use of terminology and toolkit.
Level 3	5-6	Good understanding of the reasons for government wishing to attract inward Japanese investment. Knowledge and application are evident and use of toolkit is reasonable. Perhaps ideas less well developed.
Level 2	3-4	Candidates are aware of why the government did this but response fails to develop a clear analysis. Possibly phrased in general terms with poor use of toolkit. Possibly only one strand of thinking.
Level 1	1-2	Some understanding of the issues but little development, no toolkit.

Question Number		Indicative content
2.		<p>Knowledge 3, Application 3, Analysis 2, Evaluation 2 marks</p> <p>The degree of contestability depends upon the market segment under discussion. Clearly the major manufacturers operate on a vast scale and are still merging/collaborating to achieve greater economies of scale. This plus brand names, start up costs etc should lead to the conclusion that the main car market is fairly incontestable but the Chinese (Evidence F) are clearly not deterred. It is also possible for small firms to enter into the niche and specialist areas of the market. Differentiation between candidates will be based upon the quality of the argument offered. Countries could be seen as a segment of the car industry.</p>
Level	Mark	Descriptor
Level 4	8-10	Full and clear understanding of the degree of contestability. There is balance, an awareness that this might differ depending upon which area of the car industry is being considered. Good use of toolkit and context.
Level 3	6-7	Good awareness of the degree of contestability but perhaps not as articulate. Some awareness of different factors but argument is not as strong or as balanced. Some toolkit use applied in context.
Level 2	3-5	Awareness of contestability, some knowledge, but fails to build a balanced discussion. Argument may be general. Toolkit use may be limited and answers may lack context, without specific examples to reinforce argument.
Level 1	1-2	Some merit in relevant but unsupported assertions. Comments will probably lack appropriate toolkit and may be very general in nature.

Question Number		Indicative content
3.		<p>Knowledge 2, Application 2, Analysis 3, Evaluation 3 marks</p> <p>The evidence suggests that consumers have some degree of influence over the car industry. Evidence D looks at consumers concerns over fuel efficiency and pollution, GM looks to be paying the price for misreading the market. Evidence F looks to the consequences of neglecting consumers need for quality. Much of Toyota's competitive advantage is built upon its reputation for quality and reliability. The additional evidence on Kia points to the low number of sales of environmentally friendly cars, as well as suggesting that they will not respond until demand changes significantly. Evidence F talks about consumers feeling exploited and of the problems of collusion and price fixing. However consumers are seemingly more prepared to shop around, undoubtedly the internet has played a part here. This question requires an evaluative response if candidates are to access the higher levels of the mark range.</p>
Level	Mark	Descriptor
Level 4	8-10	Full and clear discussion of consumer sovereignty showing its effects and limitation. There is balance and an awareness of conflicting implications and a reasoned evaluation. Good use of toolkit and context.
Level 3	6-7	Good awareness of the impact of consumer sovereignty but perhaps not as articulate and may be less balanced. Some toolkit use applied in context. Evaluation may be thin.
Level 2	3-5	Awareness of the implications of consumer sovereignty, some knowledge, but fails to build a balanced discussion. Argument may be general. Toolkit use may be limited and answers may lack context. Evaluation is probably lacking.
Level 1	1-2	Some merit in relevant but unsupported assertions. Comments will probably lack appropriate toolkit and may be very general in nature. Valid insights without appropriate understanding of the term may access this level.

Question Number		Indicative content
4.		<p>Knowledge 2, Application 3, Analysis 3, Evaluation 4 marks</p> <p>The extra evidence has some useful information on price. It implies that for many areas price is a crucial factor in accessing potentially huge markets “Low-cost cars are going to be the next big thing”. Price also appears to be crucial to the burgeoning Chinese car industry with intense competition centred on the price of the cars. Yet it would appear that this may only be a short-run phenomena and that in the long-run price will be less important than quality. Some candidates may distinguish between emerging and mature markets here. Elsewhere in the western markets the importance of price would seem to depend on the market segment with the premium niche markets having a low PED as opposed to the more competitive mainstream markets where PED will be higher. However the importance of brand and reputation may be significant factors here.</p> <p>Expect to see a variety of resources and reference to a number of car manufacturers, the quality of the argument may be the determining factor. Candidates may identify other factors such as costs, brand image which may be as or more important to car manufacturers. There is a strong evaluative element here.</p>
Level	Mark	Descriptor
Level 4	10-12	A clear and articulate discussion with both balance and evaluation. Look for evidence of informed conclusions demonstrating evaluative comment. At this level expect to see the use of appropriate examples to support evaluation.
Level 3	7-9	Knowledge and application are evident and use of toolkit is reasonable. Perhaps less clear and may lack balance. At this level answers should offer some development of arguments through the use examples. Look for developed explanations and conclusions. Evaluation may be less well developed.
Level 2	4-6	Candidates are aware of the importance of price but answers may lack clarity and may have errors and assertions. Possibly phrased in general terms with poor use of toolkit. Answers lacking in evaluation are capped at Level 2.
Level 1	1-3	Candidates may show some awareness of the possible importance of price. Answers will demonstrate limited development and have little if any toolkit.

Question Number	Indicative content	
5.	<p>Knowledge 8, Application 8, Analysis 11, Evaluation 13 marks</p> <p>This question gives candidates broad scope to identify a variety of strategies that firms might adopt in order to regain market share. Expect to see a range of strategies offered, what we are looking for are ideas that are realistic, in context and justified, using toolkit and with evaluation. The basic problem is the competition that they are facing from the Japanese and Korean carmakers. Strategies may centre on cost cutting in order to regain competitive advantage by lowering prices, how they do this and whether it will be effective gives candidates a lot of room for development. Market orientation and overhauling their product range in order to provide customers with what they want is another route, again whether is realistic or not allows candidates to discuss it in some detail. The additional evidence also suggests potential new and lucrative markets in the developing world (Ansoff?).</p> <p>This question is heavily biased towards an evaluative response. Candidates achieving Level 4 will have demonstrated the ability to identify two appropriate strategies that firms in the car market might adopt in order to regain market share.</p>	
Level	Mark	Descriptor
Level 4	31-40	<p>Responses should consider potential strategies that firms in the car market might employ in order to regain market share. An evaluative response is required, making reasoned comments on the significance of possible strategies that might be adopted in order to do this. Expect to see appropriate examples being used in order to support arguments. Look for reasoned conclusions.</p> <p>Answers should provide evidence of accurate and wide-ranging knowledge. At this level we need evidence of appropriate theories, concepts and methods to support wide-ranging evaluation. Candidates demonstrating sustained evaluation throughout their response, leading to appropriate conclusions, will be rewarded in the upper half of the mark allocation. Two strategies must be assessed.</p> <p style="text-align: right;">31 - 40 marks</p> <p>Candidate demonstrates detailed and accurate knowledge relevant to the question. Relevant concepts are drawn together. There is consistent evidence of the candidate reaching informed and evaluative conclusions. Answers should demonstrate a high degree of sophistication and evaluation throughout.</p> <p style="text-align: right;">37 - 40 marks</p> <p>Candidates' responses are accurate but lack the development seen at the highest level. Conclusions are balanced and arguments are made clearly. The candidate's answers demonstrate sound evaluation.</p> <p style="text-align: right;">34 - 36 marks</p> <p>The candidate uses appropriate terminology to analyse and evaluate possible strategies which might be used in order to increase sales and profitability. Knowledge demonstrated should be relevant and should be developed to provide valid insights relevant to the question.</p> <p style="text-align: right;">31 - 33 marks</p>

<p>Level 3</p>	<p>21-30</p>	<p>A number of possible strategies may be identified but we are looking for analysis to support reasoned evaluation of two strategies that firms in the car market might adopt in order to regain market share.</p> <p>Relevant areas of knowledge should be identified and applied, leading to analysis. Evaluation at this level may be limited and it is possible that evaluative comment may not be supported by fully developed explanations of concepts. Some assertions may be evident.</p> <p style="text-align: right;">21 - 30 marks</p> <p>Candidate demonstrates relevant knowledge and are able to select relevant knowledge and apply it in appropriate contexts. Concepts are applied. Sources are used to develop appropriate and justified conclusions. Answers demonstrate reasoned comment regarding the appropriateness of strategies. There should be evidence of appropriate evaluation relevant to the car market. Expect two strategies to be identified and developed. Development should be in context.</p> <p style="text-align: right;">27 - 30 marks</p> <p>Appropriate knowledge is applied to the question. There should be clear evidence of theories and concepts applied relevant to the question. Candidates should demonstrate the ability to produce conclusions regarding the effectiveness of suggested strategies for regaining market share. Some attempt should be made to support conclusions reached by reasoned argument.</p> <p style="text-align: right;">24 - 26 marks</p> <p>Candidates demonstrate sound knowledge of the proposed strategies to increase sales and, or, market share. Some relevant theories and concepts have been selected. Answers should attempt to demonstrate the appropriateness of the strategies identified. Look for the appropriate use of some theories and concepts.</p> <p style="text-align: right;">21 - 23 marks</p>
<p>Level 2</p>	<p>11-20</p>	<p>Candidate demonstrates an awareness of at least two possible ways that firms in the car market might adopt in order to regain market share.</p> <p>Analysis of the implications of possible strategies is limited. There is little, if any, evaluation. Candidates should display some appropriate application of knowledge. Development of responses may be limited and candidates may rely too heavily upon unsubstantiated assertions. Application of appropriate concepts is likely to be limited. Two strategies must be identified although, both may not be fully developed. 'Lists' of different strategies cannot get beyond Level 2.</p> <p style="text-align: right;">11 - 20 marks</p> <p>Candidates demonstrate appropriate knowledge. The relevance of knowledge is for the most part appropriately explained. A selection of concepts and theories are applied to the questions. Not all concepts and theories are fully developed (expect to see some assertion). Relevant techniques are imperfectly applied. Conclusions demonstrate an understanding of the potential benefits of the strategies selected. Look for an explanation as to how the strategies identified may lead to regaining or increasing market</p>

		<p>share.</p> <p style="text-align: right;">17 - 20 marks</p> <p>Candidates should have demonstrated an ability to select information relevant to the question. Answers demonstrate a straightforward understanding of the issues and identify two strategies. Answers should demonstrate some insights as to how <u>the</u> selected strategies might help regain market share. One strategy may be developed more fully than the other. Be liberal when considering if appropriate strategies which identify ways of increasing global market share even though the evidence refers to US markets.</p> <p style="text-align: right;">14 - 16 marks</p> <p>Two Strategies to increase profitability may be identified but not fully developed. Candidates responses may demonstrate a lack of selectivity. Candidates demonstrate a valid understanding of possible strategies. Concepts are used in simple contexts. Conclusions are not substantiated.</p> <p style="text-align: right;">11 - 13 marks</p>
Level 1	0-10	<p>Answers will demonstrate some appropriate knowledge and understanding. Responses will be characterised by lack of development, errors and omissions. Expect to see simple assertions, possibly in bullet point form, offering conclusions without development. Responses may lack coherence. Contradictions may be evident.</p> <p style="text-align: right;">0 - 10 marks</p> <p>Candidates demonstrate some relevant knowledge and understanding. Simple insights are offered. Limited evaluation offers simple conclusions. Expect to see only limited use made of appropriate sources of information. Answers demonstrate only limited knowledge of strategies appropriate to the car market.</p> <p style="text-align: right;">7 - 10 marks</p> <p>Answers demonstrate limited knowledge and limited understanding.</p> <p style="text-align: right;">4 - 6 marks</p> <p>Candidates show evidence of having some limited knowledge relevant to the question.</p> <p style="text-align: right;">1 - 3 marks</p>

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